

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 INR-10 NSAE-00

PA-03 RSC-01 USIA-15 PRS-01 AID-20 EB-11 NSC-10

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 COME-00

FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01 SAJ-01 DRC-01 L-03

H-03 /175 W

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R 060920Z SEP 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6536

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L TOKYO 11471

E.O. 11652: GDS

TAGS: ENRG, JA, UR

SUBJ: JAPANESE EXIM BANK PRESIDENT'S VISIT TO USSR

SUMMARY: EXIM PRES SUMITA TOLD ECONCOM/MIN SEPT 4 THAT, BASED ON TALKS IN WASHINGTON AND MOSCOW, HE DID NOT BELIEVE BILATERAL CREDIT ARRANGEMENTS COULD BE WORKED OUT ON YAKUTSK EXPLORATION PROJECT BEFORE TANAKA-BREZHNEV SUMMIT, BUT MIGHT BE SETTLED BEFORE END OF YEAR. SOVIETS DID NOT OBJECT TO US-JAPAN CONSULTATIONS, HE SAID, BUT DID STRESS DESIRE FOR SEPARATE LOAN FROM EACH SIDE. END SUMMARY.

1. ECONCOM/MIN CALLED ON PRESIDENT OF JAPANESE EXIM BANK, SUMITA, SEPT 4 TO DISCUSS LATTER'S RECENT VISIT TO MOSCOW. SUMITA SAID THAT IN GENERAL HE HAD FOUND THE SOVIETS ANXIOUS TO WORK OUT A CREDIT AGREEMENT AND, IN FACT, THEY HAD WANTED SUMITA TO INITIAL SUCH AN AGREEMENT DURING HIS STAY IN MOSCOW. WHEN SUMITA REPLIED THAT HE NOT EMPOWERED TO DO THIS, SOVIETS INDICATED INTENTION TO PURSUE SUBJECT AT TANAKA-BREZHNEV SUMMIT. RE FORM OF CREDIT AGREEMENT, SOVIET OFFICIALS TOLD SUMITA THAT CREDITS FOR YAKUTSK EXPLORATION PROJECT COULD BE
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EXTENDED AS SEPARATE AGREEMENT OR AGREEMENT MIGHT BE IN-CLUD-

ED AS CLAUSE IN GENERAL JAPAN/USSR AGREEMENT ON ECONOMIC COOPERATION WHICH WILL BE DISCUSSED AT SUMMIT (SEE TOKYO 10920).

2. DURING HIS TALKS IN MOSCOW, SUMITA SAID, USSR HAD POSED NO OBJECTION TO DIRECT TALKS BETWEEN US AND JAPAN ON CREDITS FOR EXPLORATION PROJECT; HOWEVER, SOVIETS DID INSIST THAT LOANS FROM US AND JAPAN BE EXTENDED SEPARATELY. HE BELIEVED SOVIETS REALIZED INTEREST RATES HIGHER IN US THAN IN JAPAN AND THAT THEY WERE LIKELY TO BE ABLE TO SECURE BETTER TERMS FROM JAPANESE SIDE. SUMITA ADDED THAT HE HAD STRESSED THAT LOANS FROM EACH SIDE MUST BE "WELL BALANCED."

3. WHILE SOVIETS HAD NOTED NO OBJECTION TO US/JAPAN CONTACTS THEY EXPRESSED CONCERN THAT THESE MIGHT SLOW DOWN PROGRESS ON CREDIT AGREEMENT, WHICH THEY HOPED TO CONCLUDE AS SOON AS POSSIBLE. SOVIET HASTE, HOWEVER, HAD NOT CHANGED SUMITA'S PRESENT PLANS TO MEET USG OFFICIALS AGAIN AFTER OSIPOV VISIT TO US, WHICH HE UNDERSTOOD WOULD BE ABOUT SEPT 24-OCT 10. FOLLOWING THIS JAPAN AND USSR PLANNED MAKE CONTACT ONCE AGAIN.

4. SUMITA SAID HE THUS DOUBTED THAT YAKUTSK CREDIT ARRANGEMENTS COULD BE COMPLETED IN TIME TO BE ANNOUNCED AT TANAKA-BREZHNEV SUMMIT, BUT HE OPTIMISTIC THAT SOMETHING COULD BE WORKED OUT TO MEET SOVIET DEFINITE DESIRE TO CONCLUDE AGREEMENT BEFORE END OF THIS YEAR.

5. RE TERMS AND CONDITIONS OF CREDITS, SUMITA TOLD ECONCOM/MIN THAT USSR HAD REQUESTED 6 PERCENT RATE (INCLUDING COMMITMENT FEE WHICH IS USUALLY 0.5 PERCENT) FROM JAPAN, WHEREAS HE HAD OFFERED 6.5 PERCENT, NOT INCLUDING COMMITMENT FEE. USSR HAD ALSO ASKED FOR DOLLAR BANK LOANS (BECAUSE SETTLEMENT OF TRADE ACCOUNTS BETWEEN TWO COUNTRIES IS IN DOLLARS). SUMITA COUNTERED THAT ALL BANK LOANS FROM JAPAN EXTENDED IN YEN. SUMITA INDICATED COMPROMISES POSSIBLE ON THESE ISSUES, HOWEVER.

6. SUMITA IN CONCLUSION STRESSED THAT HE ANXIOUS TO MAINTAIN CLOSE CONTACT WITH ECONCOM/MIN ON SUBJECT IN FUTURE.

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